

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

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Refer Reply To:
CC:CORP:B02
PLR-134403-13
Date:
January 06, 2014

Legend

Parent =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

Sub 7 =

Sub 8 =

Sub 9 =

Receivable =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

a =

b =

c =

d =

e =

Dear

This letter responds to your August 2, 2013 letter requesting that we supplement private letter rulings dated January 30, 2013 (PLR-126949-12) (the “Original Ruling”) and May 2, 2013 (PLR-114040-13) (the “First Supplemental Ruling”). The information submitted for the Original Ruling, the First Supplemental Ruling, and this supplemental request is summarized below.

The ruling contained in this letter is based upon facts and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the materials submitted in support of the request for ruling. Verification of the information, representations, and other data may be required as part of the audit process.

FACTS

Parent is the common parent of a consolidated group (the “Parent Consolidated Group”). Parent indirectly owns all of the stock of Sub 1. Sub 1 owns all of the stock of Sub 2 and Sub 3. Sub 2 owns all of the stock of Sub 4. Sub 4 owns all of the common stock and certain classes of the preferred stock of Sub 5. Prior to the Proposed Transaction in the First Supplemental Ruling, Sub 3 owned all of the only class of stock of Sub 6 outstanding, and Sub 6 owned all the common stock and the majority, by vote and value, of the preferred stock of Sub 7, Sub 8, and Sub 9 (collectively, the “Sub 6 Subs”).

Sub 1, Sub 2, Sub 3, and Sub 4, are each members of the Parent Consolidated Group. Sub 5, Sub 7, Sub 8, and Sub 9 are not members of the Parent Consolidated Group. Sub 6 was a member of the Parent Consolidated Group prior to the sale of the Sub 6 stock to Sub 5 (as described below). Sub 6 did not own shares in any member of the Parent Consolidated Group.

SUPPLEMENTAL FACTS

During the five year period prior to the Sub 6 Liquidation (as defined later), Sub 3 made several contributions to Sub 6. Specifically, Sub 3 (or its predecessor) made a series of cash contributions totaling \$a, in the aggregate, to Sub 6 (or its predecessor) (the “Sub 6 Cash Contributions”). On the same day as each of the Sub 6 Cash Contributions, Sub 6 (or its predecessor) contributed cash totaling \$b, in the aggregate, to Sub 7 (the “Sub 7 Cash Contributions”). Furthermore, on Date 1, Sub 3 contributed Receivable, with an adjusted tax basis of \$c, to Sub 6 (the “Sub 6 Receivable Contribution,” and together with the Sub 6 Cash Contributions, the “Sub 6 Contributions”). On the same day as the Sub 6 Receivable Contribution, Sub 6 contributed the Receivable to Sub 7 (the “Sub 7 Receivable Contribution,” and together with the Sub 7 Cash Contributions, the “Sub 7 Contributions”). Sub 6 did not receive additional stock in Sub 7 for the Sub 7 Contributions.

Additionally, the entities carried out the Proposed Transaction in the First Supplemental Ruling.

1. On Date 2, Sub 3 sold at fair market value, d percent of the common stock of Sub 6 to Sub 5 in exchange for Sub 5’s non-qualified preferred stock. As a result of the sale, Sub 6 ceased to be a member of the Parent Consolidated Group.

2. On Date 3, Sub 3 and Sub 5 adopted a plan to liquidate Sub 6 (the "Sub 6 Liquidation Plan").
3. On Date 4, one day after adoption of the Sub 6 Liquidation Plan, Sub 6 liquidated, distributing d percent of its assets to Sub 5 and e percent of its assets to Sub 3 (the "Sub 6 Liquidation").

SUPPLEMENTAL REPRESENTATIONS

The following representations have been made with respect to the Sub 6 Liquidation:

- (a) Neither the Sub 6 Contributions nor the Sub 7 Contributions were made with a principal purpose of Sub 6 recognizing loss with respect to the contributed property in connection with the Sub 6 Liquidation.
- (b) At the time of the Sub 6 Contributions and the Sub 7 Contributions, there was no plan or intent to undertake the Sub 6 Liquidation.

RULING

Based solely on the information submitted, the loss (if any) to Sub 6 on its liquidating distribution of the stock of Sub 7 will be disallowed under section 336(d)(1)(A)(ii) only to the extent of c, the basis of the Receivable on Date 1.

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. We express no opinion about the tax treatment of the Sub 6 Liquidation under other provisions of the Code and the Treasury regulations or the tax treatment of any condition existing at the time of, or effect resulting from, the Sub 6 Liquidation that is not specifically covered by this ruling or the First Supplemental Ruling. In particular, we express no opinion on the amount of the loss (if any) recognized by Sub 6 on its liquidation.

PROCEDURAL STATEMENTS

This letter is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that this letter may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

Lawrence M. Axelrod
Special Counsel to the Associate Chief Counsel
(Corporate)

cc: